

ROTTERDAM SCHOOL OF MANAGEMENT, ERASMUS UNIVERSITY

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# Future trends in reputation management

Rebecca Morris talks with Cees van Riel



**Companies must redefine** their portfolio in such a way that people will perceive it as having added value for their personal lives, says RSM's Professor Cees van Riel, an expert in reputation management – and there's good reason for the world's biggest companies to believe him.

Many factors contribute to the strength of a company's reputation. Of those that will be of most influence in the coming five years, we are now in a better position to know, thanks to a study performed by researchers at RSM's Corporate Communication Centre (CCC).

Researchers conducting the study identified seven key trends they predict will drive reputation management

in 2020, showcasing their results at a conference held on 26 September of this year. The conference was held to commemorate the 25th anniversary of the school's Corporate Communication Centre and the inauguration of a spin-off institute dedicated exclusively to reputation research – and to celebrate the considerable achievements of the centre's founder and director, Professor Cees van Riel.

Professor Van Riel established the centre with the support of the business community in 1989. Over the past 25 years, not only has he propelled RSM to the global forefront of the field, but he has also reshaped the reputation management discipline itself.

Twenty Dutch companies this year nominated him to the Civil Order of Orange-Nassau, a Dutch royal medal of distinction for societal contribution, which was presented to him by Mayor of Rotterdam, Ahmed Aboutaleb, on behalf of King Willem-Alexander. 'Professor Van Riel,' he said, 'had put the field of reputation management on the global map, and in the process placed the Netherlands in a prominent position. His vision has contributed to the reputation of Dutch brands and thus to a more positive image of the Netherlands worldwide.'

## Reputation tracking tool

An important research priority at the CCC has been the development of tools that can objectively measure reputation and employee alignment; tools that can, says Van Riel, allow communications professionals to translate soft data into hard, quantitative statistics that will 'simplify discussions with top management'.

The development of RepTrak in 1999 was the groundbreaking first step. RepTrak is now broadly accepted as the worldwide standard methodology for tracking an organisation's reputation, paving the way for an extensive body of literature and further studies, including their own annual Global RepTrak Pulse – the world's largest reputation ►

# Future trends in reputation management *(continued)*

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study that measures more than 2,000 companies from 25 industries across 40 countries.

‘RepTrak has allowed us to assemble the largest normative database in the world for companies to benchmark against and provide context for decision making,’ says Van Riel. ‘It allows companies to understand which drivers have the greatest effect and to identify the behavioural consequences of a good reputation: a willingness to purchase, to work for, or to invest in, all crucial indicators for achieving alignment with the stakeholders on which a company depends.’

A good example, he says, is KPN. ‘We showed them in detail the drivers of their reputation. Eelco Blok, the CEO of KPN and one of the keynote speakers at the conference said, “Cees, we have learned from your research that we have to be more socially relevant. We will do it. We will invest in it.” and he has.’

Professor Van Riel's partnership with Stern Business School's Professor Charles Fombrun has led to a proliferation of other high-profile research

projects and initiatives, including the founding of the academic journal *Corporate Reputation Review* and the creation of the prestigious US-based Reputation Institute (RI) – a global hub for reputation research co-directed by Van Riel.

As for companies – co-operation between the CCC and the business world was formalised eight years ago with the formation of the Reputation forum the Netherlands (RfN), a platform where directors of corporate communication from the 25 largest Dutch firms meet four times a year to discuss the latest developments in the profession.

## Seven key trends

The study on future trends in reputation management for 2020, conducted by Professor Van Riel and Marijke Baumann, involved a series of focus group discussions across the globe with CCOs, high-potential business executives, corporate communication directors and graduate students.

From these discussions, they identified seven trends they predict will drive reputation management in 2020.

One important trend is the “Big Data management revolution”, says Van Riel. By 2020, Big Data will dominate the way companies manage their reputation, he says. Reputation data will be integrated into all enterprise data – including market research and financial data – and it will no longer be primarily used by corporate communications.

This trend reflects the extensive impact of the RepTrak tool. ‘What you see is that over the last twenty five years the quantification of research in reputation management, something I’ve invested heavily in, has increased immensely,’ he says. ‘This technology has created a revolution in how companies manage their reputations.’

But of all seven trends, the most influential on how high a business ranks in reputation will be the degree to which it can show its social relevance, he says.

Social relevance implies that you have products and services that are perceived by large stakeholder groups of society as having added value for their personal life.

Social relevance can be expressed purely via the actual nature of the business. A good example, he says, is hospitals, by definition more socially relevant than any company in the world and thus high on reputation rankings. Social relevance can also be shown through the value of products and services to a large group of stakeholders – but only so long as that relevance is clearly communicated.

An excellent example is Philips. LEDs, for instance, is a technology that decreases the cost of electricity for



people and municipalities and creates liveable sustainable cities.

But importantly, social relevance can be achieved irrespective of the products or services offered by the company. 'Companies that stress their social relevance rise in their reputation regardless of their portfolio,' he says.

### **Don't be negative**

It's not as complicated as it might sound. The results of a huge industry study conducted by researchers at the CCC – also showcased at the conference this September – examined three different industries and their

reputations, why they varied, and how organisations within these industries could improve them.

Three industries were selected with reputations ranking from positive to negative: food, chemicals, and banking. Messages pertaining to the 20 largest companies in each sector were analysed at the firm level, the industry association level and among major media, and combined with a survey of three stakeholder groups.

The first conclusion of the study was that companies are responsible for their own reputation. Most articles generated by the banks themselves were negative, for instance. Of those

generated by chemical companies, most were positive; and those by food companies – very positive.

'Banks are constantly talking negatively about themselves and their whole line of industry,' says Van Riel. 'They are in the defence position due to the financial crisis, and all communication is coming from negative assumptions and therefore reinforcing these negative messages.'

Other conclusions of the study were that media coverage impacts reputation less than we might expect, and that stakeholders assess industries mainly on social relevance.

'If banks, just like the food industry, would stress more about what the added value is for individuals and society at large in relation to what they are doing and support that with evidence in their daily behaviour – their reputation would change.'

In other words – companies create their own negative or positive reputations primarily on the basis of what they express about their own social relevance, irrespective of their products or services.

'The most important conclusion of that study,' says Van Riel, 'is that what companies express about themselves regarding their social contribution will determine whether or not they are perceived in a positive or negative light. There is no doubt that if you change your message, the perception will also change.' ■

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**For more information on the activities of the Corporate Communication Centre, please visit [WEB www.rsm.nl/ccc](http://www.rsm.nl/ccc)**